



# New Funding Models

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## Theme Description

Create the environment within which Acquisition Reform can meet its potential

- ✓ Acquisition processes
  - Government / Industry incentives
  - Talented, trained, motivated people
  - Flexible funding

Even if we reduce cycle time to 1 day, funding still takes 18 months to obtain!



# Why Is This Worth Doing?

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- Field more rapidly
  - reduce cycle time
  - transition innovative ideas to the field
  - Synchronize with commercial technology cycle
- Leverage commercial technology / R&D
- Reduce force structure
- Tactics / Conops can be more rapidly developed to meet warfighter needs
- Reduce cost / increase efficiency
- Requirements based acquisition is broken



# Obstacles

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- Current appropriation laws
  - multi year procurement
  - Color of money
  - reprogramming limitations
- Too many decision makers
  - rice bowls and independent veto power
- Empowerment by committee
- AF corporate structure
- Total cost of doing business -- overhead
- Acquisition infrastructure limitations -- upfront, cross cutting planning needed
- Technology changes within 3-6 months -- acquisition cycle behind this curve



# Obstacles -- continued

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- Government culture cannot admit failure (all programs live on)
- Requirements document becomes the product, or focus
- Budget cycle is driving the way we do business -- PPBS inflexible and lengthy
  - AF implementation -- 18 month lead time for \$
- Lack of talented / trained / experienced risk takers
  - skill level not current with technologies
- No measurements of earned value > only measuring expense
  - no incentives to control costs -- disincentives
- Congressional mistrust



# Implementation Ideas

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- Create an IT / C2 czar -- single decision maker -- no rule by committee
  - treat C2 as a weapon system
- Increase funding flexibility
  - Increase reprogramming thresholds
  - Use 3400 \$s for technology refresh resulting in new capabilities
  - Consolidate PECs to increase tradeoff flexibility
  - Leverage industry ideas and money
- Ruthless empowerment of individuals



# Ideas -- continued

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- Create discovery dollars to fund innovation -- providing an incentive to industry & gov't to work together
  - Matching funds from industry to the discovery dollar pot of money
- Prototype a single type of money for C2 initiatives (colorless type of money)
  - Pilot program to help eliminate colors of money
  - Demonstrate Congressional visibility into total ownership cost
- Have a conops rather than a requirements document
- Simplify the acquisition process



# Ideas - continued

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- Incentives
  - First contractor with product gets contract award
  - Procure systems and support in single packages
  - VECP like cost of ownership incentive
- Create a battle lab to explore the integration of gov't and industry business processes within the acquisition process
  - Create CUBE for business systems
- Hire, train, retain, the right people
  - Live with Microsoft red team (OJT for Gov't)
  - Technology, management, advocacy
- Defining the problem and resolutions in one step



# Ideas - continued

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- DoD must act like an enterprise -- at least for IT -- to make partnering more realistic and foster long term relationships
- Use retainer / enterprise agreements
- Desirements vs. requirements
- Partnerships & exploitation of partnerships
  - More important than CRADAs
- Make better use of other transactions
- Incentivize programs to save money
- Incentivize large business to pass through to small business
- Investigate SBIR, JT&E, CTIP, and GDIP models



# Actions

## Change Business Model

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- Working group participants to obtain early feedback from their president
  - ensure ESC distributes / posts meeting notes and slides for participant download without access hindrances
- Define terms
  - C2 weapon system
  - Ruthless empowerment
  - Discovery funds
  - PE consolidation
  - Sustainment defined in terms of technology infusion



# Actions - continued

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- Define explicitly what it means to manage C2 as a weapon system
- Identify AF imposed limitations to funding flexibility
- Prepare ideas for SAB
- Investigate alternative models
- Develop a plan to create the right environment
  - schedule, resources, actions
  - identify stakeholders for each action
    - ruthless empowerment